

PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made and entered into as of this 12th day of June, 2025, by and between the Napa Valley Tourism Corporation, a California nonprofit mutual benefit corporation, hereinafter referred to as "NVTC", and Visit Napa Valley, a California nonprofit corporation, hereinafter referred to as "VNV", hereinafter collectively referred to as "the Parties".

RECITALS

WHEREAS, on June 15, 2010, the County of Napa formed the Napa Valley Tourism Improvement District (NVTID) in accordance with the provisions of the Property and Business Improvement District Law of 1994 (Streets and Highways Code §36000 et seq., and hereafter "1994 Act"). The purpose of NVTID is to provide a funding mechanism through the imposition on eligible lodging businesses of a 2% assessment on gross short-term rentals to provide for valley-wide marketing and tourist serving programs throughout Napa County; and

WHEREAS, in accordance with the 1994 Act, the County of Napa designated NVTC as the owners' association responsible for managing NVTID funding and implementing NVTID programs; and

WHEREAS, the assessments are required to be expended in accordance with the adopted NVTID Management District Plan ("Plan"); and

WHEREAS, on December 17, 2024, the County of Napa Board of Supervisors approved the renewal of the NVTID in accordance with the provisions of the 1994 Act for a period of ten (10) years; and

WHEREAS, the Napa County Board of Supervisors and the City of Calistoga also made recommendations to NVTC. Among those recommendations was to form an Ad Hoc Governance Committee to conduct a full review and provide recommendations regarding governance structures for NVTC, VNV, and the local governing committees ("LGCs") related to managing the NVTID; and

WHEREAS, in alignment with the Plan, the NVTC and VNV commit to continue discussions of the recommendations to NVTC to come to a memorandum of understanding or separate agreement that would include, but not be limited to, addressing communication between the Parties and the sharing of information; and

WHEREAS, to better execute its role as the Owners' Association for the NVTID while maintaining VNV's role as its independent contractor for the use of assessment funds, NVTC and VNV have conferred to develop the reporting requirements set forth in this Agreement; and

WHEREAS, VNV is willing to provide marketing and tourist-serving programs to NVTC in accordance with the provisions of the Plan and under the terms and conditions set forth herein. NVTC desires VNV to provide marketing and tourist-serving programs to NVTC in accordance with the provisions of the Plan and under the terms and conditions set

forth herein.

TERMS

NOW, THEREFORE, NVTC hereby engages the services of VNV, and VNV agrees to serve NVTC in accordance with the terms and conditions set forth herein:

1. **Term of the Agreement.** The term of this Agreement shall commence on the date first above written and shall expire on June 15, 2035, unless terminated earlier in accordance with Paragraph 8 (Termination for Cause); except that the obligations of the parties under Paragraphs 6 (Insurance) and 7 (Indemnification) shall continue in full force and effect after said expiration date or early termination in relation to acts or omissions occurring prior to such dates during the term of the Agreement, and the obligations of VNV to NVTC shall also continue after said expiration date or early termination in relation to the obligations prescribed by Paragraphs 13 (Confidentiality), 18 (Taxes) and 19 (Access to Records/Retention).
2. **Scope of Services.** VNV shall provide NVTC those services, and meet all reporting and other requirements, set forth in Exhibit "A", attached hereto and incorporated by reference herein.
3. **Method of Payment.**
 - (a) Subject to the terms herein, NVTC shall forward to VNV all assessments received by the Napa County Auditor-Controller, pursuant to the NVTID Management District Plan (the "Plan"), monthly, within 30 days of receipt. The Plan, dated June 5, 2024, is on file with the Clerk of the Board of Supervisors.
 - (b) Each year, prior to the beginning of each fiscal year, NVTC shall establish a budget for all NVTC administrative costs, including but not limited to, all necessary clerical and legal services, in an amount not to exceed the greater of 1% of the gross NVTID assessment or \$100,000. If NVTC's actual costs of administration, clerical, and legal functions exceed the budgeted amount for that fiscal year, the Parties shall meet and confer on an amended budget that shall be presented to the NVTC Board for its approval.
 - (c) VNV will hold the NVTC funds in a segregated account and provide a full accounting of both revenues and expenditures on a quarterly basis, or within 30 days of request, to NVTC.
 - (d) NVTC will submit invoices for all administrative expenses within seven (7) days of receipt to VNV for payment out of the NVTC segregated account. Remaining funds, if any, may be carried over to be used in future years. Any carry over amount in excess of \$10,000 shall be returned to VNV to be used for programs in accordance with the Plan.
4. **Independent Contractor.** VNV shall perform this Agreement as an independent contractor. VNV and its officers, agents and employees are not, and shall not be construed to be, NVTC employees for any reason whatsoever, including but not limited to workers' compensation and employee benefits. VNV shall, at VNV's sole risk and expense, determine the means and methods by which duties imposed on and obligations of VNV under this Agreement shall be performed; provided, however, that NVTC may monitor and have

oversight as defined by this Agreement. NVTC shall not deduct or withhold any amounts whatsoever from the compensation paid to VNV, including, but not limited to amounts required to be withheld or paid for state and federal taxes. As between the parties to this Agreement, VNV shall be solely responsible for its own federal and state tax payments.

5. **Specific Performance.** It is agreed that VNV, including the agents, subcontractors, or employees of VNV, shall be the sole providers of the services required by this Agreement. Because the services to be performed by VNV under the terms of this Agreement are of a special, unique, unusual, extraordinary, and intellectual or time-sensitive character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated in damages in an action of law, NVTC, in addition to any other rights or remedies which NVTC may possess, shall be entitled to injunctive and other equitable relief to prevent a breach of this Agreement by VNV.

6. **Insurance.** VNV shall obtain and maintain in full force and effect throughout the term of this Agreement, and thereafter as to matters occurring during the term of this Agreement, the following insurance coverage:

(a) Workers' Compensation insurance. To the extent required by law during the term of this Agreement, VNV shall provide workers' compensation insurance for the performance of any of VNV's duties and obligations under this Agreement, including but not limited to, coverage for workers' compensation and employer's liability and a waiver of subrogation, and shall provide NVTC with certification of all such coverages upon request by NVTC's Risk Manager.

(b) Liability insurance. VNV shall obtain and maintain in full force and effect during the term of this Agreement the following liability insurance coverages, issued by a company admitted to do business in California and having an A.M. Best rating of A:VII or better or equivalent self-insurance:

1. General Liability. Commercial general liability [CGL] insurance coverage (personal injury and property damage) of not less than TWO MILLION DOLLARS (\$2,000,000) combined single limit per occurrence, covering liability or claims for any personal injury, including death, to any person and/or damage to the property of any person arising from the acts or omissions of VNV or any officer, agent, or employee of VNV under this Agreement. If the coverage includes an aggregate limit, the aggregate limit shall be no less than twice the per occurrence limit.

2. Directors and Officers Liability/Errors and Omissions. Directors and Officers Liability coverage in an aggregate limit of not less than ONE MILLION DOLLARS (\$1,000,000).

3. Comprehensive Automobile Liability Insurance. Comprehensive automobile liability insurance (Bodily Injury and Property Damage) on owned, hired, leased and non-owned vehicles used in conjunction with VNV's business of not less than ONE MILLION DOLLARS (\$1,000,000) combined single limit per occurrence.

(c) Certificates. All insurance coverages referenced in 6(b), above, shall be evidenced by one or more certificates of coverage or, with the consent of NVTC, demonstrated by other evidence of coverage acceptable to NVTC, which shall be filed by VNV with the NVTC Secretary prior to commencement of performance of any of VNV's duties; shall be kept current during the term of this Agreement; shall provide that NVTC shall be given no less than thirty (30) days prior written notice of any non-renewal, cancellation, other termination, or

material change, except that only ten (10) days prior written notice shall be required where the cause of non-renewal or cancellation is non-payment of premium; and shall provide that the inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, the coverage afforded applying as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability. For the commercial general liability insurance coverage referenced in 6(b)(1) and, where the vehicles are covered by a commercial policy rather than a personal policy, for the comprehensive automobile liability insurance coverage referenced in 6(b)(3) VNV shall also file with the evidence of coverage an endorsement from the insurance provider naming NVTC, its officers, employees, agents and volunteers as additional insureds and waiving subrogation, and the certificate or other evidence of coverage shall provide that if the same policy applies to activities of VNV not covered by this Agreement then the limits in the applicable certificate relating to the additional insured coverage of NVTC shall pertain only to liability for activities of VNV under this Agreement, and that the insurance provided is primary coverage to NVTC with respect to any insurance or self-insurance programs maintained by NVTC. The additional insured endorsements for the general liability coverage shall use Insurance Services Office (ISO) Form No. CG 20 09 11 85 or CG 20 IO 11 85, or equivalent, including (if used together) CG 2010 10 01 and CG 2037 10 01; but shall not use the following forms: CG 20 10 10 93 or 03 94. Upon request by NVTC, VNV shall provide or arrange for the insurer to provide within thirty (30) days of the request, certified copies of the actual insurance policies or relevant portions thereof.

(d) Deductibles/Retentions. Any deductibles or self-insured retentions shall be declared to, and be subject to reasonable approval by NVTC, which approval shall not be denied unless NVTC reasonably determines that the deductibles or self-insured retentions are unreasonably large in relation to compensation payable under this Agreement and the risks of liability associated with the activities required of VNV by this Agreement. At the option of and upon request by NVTC if NVTC determines that such deductibles or retentions are unreasonably high, either the insurer shall reduce or eliminate such deductibles or self-insurance retentions as respects NVTC, its officers, employees, agents and volunteers or VNV shall procure a bond guaranteeing payment of losses and related investigations, claims administration and defense expenses.

7. Hold Harmless/Defense/Indemnification.

(a) In General. To the full extent permitted by law, VNV shall hold harmless, defend at its own expense, and indemnify NVTC and the officers, agents, employees and volunteers of NVTC from any and all liability, claims, losses, damages or expenses, including reasonable attorney's fees, for personal injury (including death) or damage to property, arising from all acts or omissions of VNV or its officers, agents, employees, volunteers, and subcontractors in rendering services under this Agreement, excluding, however, such liability, claims, losses, damages or expenses arising from the sole negligence or willful misconduct of NVTC or its officers, agents, employees, or volunteers. Each party shall notify the other party immediately in writing of any claim or damage related to activities performed under this Agreement. The parties shall cooperate with each other in the investigation and disposition of any claim arising out of the activities under this Agreement, providing that nothing shall require either party to disclose any documents, records or communications that are protected under peer review privilege, attorney-client privilege or attorney work product privilege.

(b) Employee Character and Fitness. VNV accepts responsibility for determining

and approving the character and fitness of its employees (including volunteers, agents or representatives) to provide the services required of VNV under this Agreement, including completion of a satisfactory criminal/background check and period rechecks to the extent permitted by law. Notwithstanding anything to the contrary in this Paragraph, VNV shall hold NVTC and its officers, agents and employees harmless from any liability for injuries or damages, resulting from a breach of this provision or VNV's actions in this regard.

8. **Termination for Cause.** This Agreement may be terminated by NVTC upon a reasonable finding by NVTC that VNV has misappropriated funds, committed malfeasance, or committed a violation of law in connection with its management duties under this Agreement. Either party shall send written notice (delivered in accordance with the provisions of Section 11 of this Agreement) to the other party if either party fails to comply with a material term or condition of this Agreement. The written notice shall include a description of the default. If the party fails to cure the default within thirty (30) calendar days of the date of receipt of the written notice, this Agreement may be terminated.

9. **Disposition of, Title to and Payment for Work upon Expiration or Termination.** VNV shall be entitled to receive compensation for any satisfactory work completed prior to receipt of the notice of termination or commenced prior to receipt of the notice and completed satisfactorily prior to the effective date of the termination; except that VNV shall not be relieved of liability to NVTC for damages sustained by NVTC by virtue of any breach of the Agreement by VNV whether or not the Agreement expired or was otherwise terminated, and NVTC may withhold any payments not yet made to VNV for purpose of setoff until such time as the exact amount of damages due to NVTC from VNV is determined.

10. **No Waiver.** The waiver by either party of any breach or violation of any requirement of this Agreement shall not be deemed to be a waiver of any such breach in the future, or of the breach of any other requirement of this Agreement.

11. **Notices.** All notices required or authorized by this Agreement shall be in writing and shall be delivered in person or by deposit in the United States mail, by certified mail, postage prepaid, return receipt requested. Any mailed notice, demand, request, consent, approval or communication that either party desires to give the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address from time to time. Any notice sent by mail in the manner prescribed by this paragraph shall be deemed to have been received on the date noted on the return receipt or five days following the date of deposit, whichever is earlier.

NVTC

1001 Second Street, Suite 330
Napa, CA 94559
Attn: Chairperson of the Board

VNV

1001 Second Street, Suite 330
Napa, CA 94559
Attn: Executive Director

12. **Confidentiality.** Confidential information is defined as all information disclosed to VNV which relates to NVTC's past, present, and future activities, as well as activities under this Agreement. VNV shall hold all such information as VNV may receive, if any, in trust and confidence, except with the prior written approval of NVTC. Upon cancellation or expiration of this Agreement, VNV shall return to NVTC all written and descriptive matter which contains any such confidential information, except that VNV may retain for its files a copy of VNV's work product if such product has been made available to the public by NVTC. The Parties acknowledge that NVTC is subject to the California Public Records Act (Cal. Government Code Section 7920.000 et seq.), and as such, all records generated, stored or retained by NVTC are public records unless an exemption applies as defined by applicable laws.

13. **Amendment/Modification.** Except as specifically provided herein, this Agreement may be modified or amended only in writing and with the prior written consent of both parties. Only NVTC, through its Board of Directors in the form of an amendment of this Agreement, may authorize extra and/or changed work if beyond the scope of services prescribed by Exhibit "A". Failure of VNV to secure such authorization in writing in advance of performing any of the extra or changed work shall constitute a waiver of any and all rights to adjustment in the contract price or contract time and no compensation shall be paid for such extra work.

14. **Interpretation; Venue.**

(a) **Interpretation.** The headings used herein are for reference only. The terms of the Agreement are set out in the text under the headings. This Agreement shall be governed by the laws of the State of California without regard to the choice of law or conflicts.

(b) **Venue.** This Agreement is made in Napa County, California. The venue for any legal action in state court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement shall be in the Superior Court of California, County of Napa, a unified court. The venue for any legal action in federal court filed by either party to this Agreement for the purpose of interpreting or enforcing any provision of this Agreement lying within the jurisdiction of the federal courts shall be the Northern District of California. The appropriate venue for arbitration, mediation or similar legal proceedings under this Agreement shall be Napa County, California; however, nothing in this sentence shall obligate either party to submit to mediation or arbitration any dispute arising under this Agreement.

15. **Compliance with Laws.** VNV shall observe and comply with all applicable Federal, State and local laws, ordinances, and codes. Such laws shall include, but not be limited to, the following, except where prohibited by law:

(a) **Non-Discrimination.** During the performance of this Agreement, VNV and its subcontractors shall not deny the benefits thereof to any person on the basis of race, color, ancestry, national origin or ethnic group identification, religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability or medical condition (including cancer, HIV and AIDS), or political affiliation or belief nor shall they discriminate unlawfully against any employee or applicant for employment because of race, color, ancestry, national origin or ethnic group identification,

religion or religious creed, gender or self-identified gender, sexual orientation, marital status, age, mental disability, physical disability or medical condition (including cancer, HIV and AIDS), use of family care leave or political affiliation or belief. VNV shall ensure that the evaluation and treatment of employees and applicants for employment are free of discrimination or harassment. In addition to the foregoing general obligations, VNV shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), the regulations promulgated thereunder (Title 2, California Code of Regulations, section 7285.0, et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (sections 11135-11139.5) and any state or local regulations adopted to implement any of the foregoing, as such statutes and regulations may be amended from time to time. To the extent this Agreement subcontracts to VNV services or works required of NVTC by the State of California pursuant to agreement between NVTC and the State, the applicable regulations of the Fair Employment and Housing Commission implementing Government Code section 12990 (a) through (f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are expressly incorporated into this Agreement by reference and made a part hereof as if set forth in full, and VNV and any of its subcontractors shall give written notice of their obligations thereunder to labor organizations with which they have collective bargaining or other agreements.

(b) Documentation of Right to Work. VNV agrees to abide by the requirements of the Immigration and Control Reform Act pertaining to assuring that all newly-hired employees of VNV performing any services under this Agreement have a legal right to work in the United States of America, that all required documentation of such right to work is inspected, and that INS Form I-9 (as it may be amended from time to time) is completed and on file for each employee. VNV shall make the required documentation available upon request to NVTC for inspection.

(c) Inclusion in Subcontracts. To the extent any of the services required of VNV under this Agreement are subcontracted to a third party, VNV shall include all of the provisions of this Paragraph in all such subcontracts as obligations of the subcontractors.

16. **Taxes.** VNV agrees to file federal and state tax returns or applicable withholding documents and to pay all applicable taxes or make all required withholdings on amounts paid pursuant to this Agreement and shall be solely liable and responsible to make such withholdings and/or pay such taxes and other obligations including, without limitation, state and federal income and FICA taxes. VNV agrees to indemnify and hold NVTC harmless from any liability it may incur to the United States or the State of California because of VNV's failure to pay or withhold, when due, all such taxes and obligations. If NVTC is audited for compliance regarding any withholding or other applicable taxes or amounts, VNV agrees to furnish NVTC with proof of payment of taxes or withholdings on those earnings.

17. **Authority to Contract.** VNV and NVTC each warrant hereby that they are legally permitted and otherwise have the authority to enter and perform this Agreement.

18. **Third Party Beneficiaries.** Nothing contained in this Agreement shall be construed to create any rights in third parties and the parties do not intend to create such rights.

19. **Attorney's Fees.** If either party commences legal action of any kind or character to

either enforce the provisions of this Agreement or to obtain damages for breach thereof, the prevailing party in such litigation shall be entitled to all costs and reasonable attorney's fees incurred in connection with such action.

20. **Accountability and Transparency.** To ensure the NVTID funds are utilized in accordance with the Plan, the following requirements shall commence July 1, 2025:

a) Fiscal Accountability:

- i. Within six months after each fiscal year end VNV shall submit a fiscal year statement of budget and activities to the Napa County Auditor-Controller who shall conduct an annual financial audit report and review of compliance on the use of NVTID funds in accordance with the Plan for presentation to NVTC.
- ii. To the extent the LGCs submit their financial reports to NVTC and VNV no later than September 30th of each calendar year, as required by the Plan, VNV shall forward copies of the reports received to the NVTC and Napa County Auditor-Controller within six months after each fiscal year end for inclusion in the financial audit report and compliance review.
- iii. After VNV submittal to the Internal Revenue Service each year, VNV shall provide a copy of the filed Schedule J (Form 990) to NVTC, which includes employee compensation information and disclosure of vendors receiving amounts exceeding \$100,000 annually.
- iv. A minimum of one (1) VNV Board member serving on the VNV Executive Committee and the VNV Chief Executive Officer or Controller shall approve all expenditures of \$50,000 or more.
- v. VNV's Audit Committee and the Napa County Auditor-Controller shall conduct an annual review of VNV internal control policies & procedures governing financial reporting and compliance.
- vi. VNV shall furnish to NVTC, within six (6) months after the end of each fiscal year, a summary of VNV key performance indicators and an annual strategic business plan. VNV shall also furnish to NVTC a long-range strategic business plan every three (3) years.

b) Transparency

- i. Subject to Board member participation, a minimum of one (1) VNV Board Member shall serve on both the VNV and the NVTC Board of Directors.
- ii. VNV shall notify NVTC within thirty (30) days of any lawsuit, governmental investigation, or of any writing received by the VNV Board that provides information regarding a pending or threatened action against VNV that could materially and adversely affect VNV's ability to perform its obligations hereunder.

21. **Severability.** If any provision of this Agreement, or any portion thereof, is found by any court of competent jurisdiction to be unenforceable or invalid for any reason, such provision shall be severable and shall not in any way impair the enforceability of any other provision of this Agreement.

22. **Entirety of Contract.** This Agreement, including any documents expressly incorporated by reference whether or not attached hereto, constitutes the entire agreement between the parties relating to the subject of this Agreement and supersedes all previous

agreements, promises, representations, understandings and negotiations, whether written or oral, among the parties with respect to the subject matter hereof.

[Signatures on next page]

IN WITNESS WHEREOF, this Agreement was executed by the parties hereto as of the date first above written.

Napa Valley Tourism Corporation

By 

Maricelle Adderley
(print name)

Title: CHAIR - NVTC

Date: 6/12/2025

Visit Napa Valley

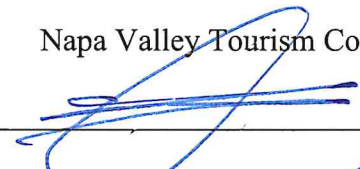
By 

Linsay Gallagher
(print name)

Title: President + CEO, Visit Napa Valley

Date: 6/12/2025

Napa Valley Tourism Corporation

By 

GEORGE A. COE
(print name)

Title: Secretary - Treasurer - NVTC

Date: 6/12/2025

Exhibit "A"

SCOPE OF WORK

VNV shall provide NVTC with the following services, in accordance with all requirements contained in the NVTID Management District Plan ("Plan"):

I. DESCRIPTION OF SERVICES

A. TOURISM PROMOTION ACTIVITIES:

Marketing, sales promotions and other tourist serving activities to increase tourism and to market Napa Valley as a tourist, meeting and event destination. Such services may include, but are not limited to:

Paid Media (Advertising) such as:

- Online/digital advertising
- Print advertising
- Out-of-home advertising (billboards, roadside signage, kiosks, banners)
- Radio advertising
- Events sponsorship and activations
- Production costs for advertising assets

Owned Media (Channels/Platforms) such as:

- Visit Napa Valley website
- Visit Napa Valley social media channels
- Visit Napa Valley newsletters, blogs, content
- Marketing materials (brochures, pamphlets, branded collateral)
- Industry tradeshow, conferences, and activations
- Distribution and fulfillment of marketing and sales materials
- Operation of Valley-Wide visitor information center (located at Napa Valley Welcome Center in Downtown Napa)

Earned Media (Public Relations & Press) such as:

- Public relations outreach (including press bulletins/releases and media leads, crisis communications, etc.)
- Press educational and familiarization trips

Sales (Group and Travel Trade) Programs such as:

- Lead Generation
- Trade Shows
- Sales Missions
- Familiarization Tours

Special Projects and Programming for:

- Destination stewardship programs and initiatives including, but not limited to:
 - Sustainability
 - Hospitality Workforce Development
 - Heritage Tourism

- DEI&A

Organizational Initiatives in Support of Tourism and Hospitality including:

- Industry research, analytics, seminars
- Stakeholder engagement and meetings
- Partner and industry relations
- Global outreach and engagement, such as Great Wine Capitals, Sister City Programs, etc.
- Professional/industry association affiliation
- Communications and advocacy activities to inform and educate the public and local government officials
- Software platforms and applications for business management
- Administrative costs associated with these activities

B. ANNUAL REPORT:

Pursuant to California Streets and Highways Code Section 36650, VNV shall present to the NVTC Board of Directors an annual report at the end of each year of operation. The annual report will include details of NVTID revenues received and expenditures for all its activities, including the LGCs created under the Plan, to the extent the LGCs submit their financial information to VNV no later than September 30th of each calendar year, as required by the Plan. The revenues and expenditures of each LGC shall be listed separately.

The annual report shall include:

- Any proposed changes in the boundaries of the improvement district or in any benefit zones or classification of businesses within the district.
- The improvements and activities to be provided for the fiscal year.
- A detailed budget identifying the cost of providing the improvements and the activities identified for the next fiscal year. The budget shall be substantially in the form as set forth in attached Exhibit "B."
- The method and basis of levying the assessment in sufficient detail to allow each business owner to estimate the amount of the assessment to be levied against his or her business for that fiscal year
- The estimated amount of any surplus or deficit revenues to be carried over from a previous fiscal year.
- The estimated amount of any contributions to be made from sources other than assessments.

Annually, VNV shall also issue:

- A report on expenditures from the previous year. In this report should be details on the impacts of those expenditures on tourism related activities. Such a report should include metrics identifying changes in the occupancy levels of hotels as well as other detailed descriptions of changes in visitors to Napa Valley.
- A report, commencing with Fiscal Year 2026 and annually thereafter, to NVTC outlining any changes to VNV Bylaws and provide binders including VNV Bylaws and Board members.

C. ACCOUNTING

Since the funds are being paid prior to proof of expenditure, the Napa County Auditor-Controller requires the following accounting processes to ensure proper internal controls are in place for safeguarding all NVTID funds:

- All revenues and expenditures related to the NVTID assessment must be kept in a separate fund, not to be commingled with any other VNV accounts.
- VNV must keep detailed records (including but not limited to copies of invoices, salary records, any manual calculations considered in use of the funds) of expenditures for which the assessment is used.
- Within 120 days after each fiscal year end (which is June 30 of every year the Agreement is in effect), VNV will submit a full accounting of assessment revenues received, detailed expenditures paid, and the surplus or deficit to be carried over to the following year.

The Napa County Auditor-Controller has the authority to review all financial records of VNV related to the disbursement of County funds, including but not limited to NVTID revenues. If any inappropriate expenditure is found to have been charged against the assessment, VNV shall reimburse the assessment fund.

Upon dissolution of the District, payments associated with the quarter activity prior to the dissolution date will be held until proof of expenditure is provided. As such, a full accounting of that current assessment year will be submitted to the Auditor-Controller for review to verify the current surplus or deficit. All allowable expenditures will be honored on a reimbursement basis until all expenditures through the dissolution date are paid. Any remaining funds not allocated to VNV will be returned to the lodging businesses remitting the assessment in proportion to their contributions over the prior 12 month period.

D. ANNUAL AUDIT OF DISTRICT

VNV shall engage an independent certified public accountant to conduct annual audits of VNV. Any independent certified public accountant selected shall be subject to the approval of the Napa County Auditor-Controller, and the VNV Board of Directors Audit Committee. The audit report must be submitted to NVTC and the Napa County Auditor-Controller no more than six (6) months after the end of VNV's fiscal year. All expenses associated with said audits shall be borne by VNV.

E. ROLE OF AUDITOR-CONTROLLER

The Napa County Auditor-Controller shall perform the following on behalf of the NVTID:

- Complete all necessary accounting transactions for the receipt and disbursement of assessments on behalf of NVTC.
- Prepare an annual financial summary report of NVTID within 6 months after fiscal year close, to include VNV, NVTC, and the LGCs, indicating discrepancies, if any, to the independent

audits and financial records of the County, VNV, NVTC, and local jurisdictions, as defined in the Plan.

II. COMPLIANCE WITH GOVERNMENT CODE SECTION 7550

As required by Government Code section 7550, each document or report prepared by VNV for or under the direction of NVTC pursuant to this Agreement shall contain the numbers and dollar amounts of the Agreement and all subcontracts under the Agreement relating to the preparation of the document or written report. The Agreement and subcontract dollar amounts shall be contained in a separate section of the document or written report. If multiple documents or written reports are the subject of the Agreement or subcontracts, the disclosure section may also contain a statement indicating that the total contract amount represents compensation for multiple documents or written reports.